

Information Services Board Briefing Paper on the Health Care Authority Insurance System Replacement Project

Prepared by Tom Parma, DIS/MOSTD, (360) 902-3552.

Description

At the February 2003 Information Services Board meeting the Health Care Authority's (HCA) Insurance System Replacement Project (ISRP) was elevated to Level 3 oversight. The increased oversight was due to delays in the project schedule that were jeopardizing the June 30, 2003 implementation deadline. Since the last ISB meeting, HCA and its vendor, Healthaxis Incorporated of Irving, Texas, have determined that the June 30, 2003 date cannot be met and are developing a revised schedule with new delivery dates. HCA will present the project's status and its revised schedule.

Background

ISRP is intended to replace current systems supporting both the Public Employee Benefit Board (PEBB) and Basic Health (BH) health care benefits programs. The PEBB program provides medical, dental, life, and long-term disability insurance for eligible public employees and retirees, and their dependents. The BH program provides affordable health care coverage to qualifying Washington State residents.

HCA uses two separate computer systems to support these benefits programs: PEBB was developed and is supported and maintained by the Department of Personnel (DOP); BH was developed and is supported and maintained by HCA. These systems perform HCA business operations including: eligibility determination, member enrollment, premium collection, and carrier payment. The current systems, designed and developed by different agencies prior to the merger of the Basic Health Plan and HCA, are unable to meet the changing business requirements of the agency. The systems are written in two different computer languages, use separate databases, contain two separate interfaces to many of the same insurance plans, and require redundant, separate maintenance and enhancements.

HCA completed a feasibility study in September 2000 that recommended moving to a single health insurance system to support both PEBB and BH insurance lines of business. The preferred alternative was to competitively procure application software and related implementation services. The feasibility study and corresponding decision package were approved by the ISB on September 29, 2000. The 2001 Legislature appropriated \$3.635 million for this initiative. The bid was awarded to Healthaxis, Inc. of Irving, Texas and the contract was signed on May 24, 2002.

Status

HCA has postponed the ISRP system implementation date from June 30, 2003 to October 2003. Neither the scope nor the requirements has changed.

Issues

- Schedule: The HCA feasibility study, presented to the Board in September 2000, included a 16-month project schedule from January 2002 to April 2003. HCA returned in September 2001 to present its investment plan that still showed a 16-month project schedule from March 2002 to June 2003. HCA released its RFP on time but lost approximately three months when the RFP had to be reissued due to an evaluation process error; however, the original scheduled implementation date was not changed. Although HCA attempted to

mitigate the delays throughout the project to meet the original target date, it has been unable to regain the lost time and has now issued a revised schedule taking into account an October 2003 implementation date. HCA must work with its vendor, Healthaxis, to determine if this new date is reasonable and achievable given the current scope.

- Budget/Cost: The budget for ISRP has not changed. Although the funding is scheduled to end June 30, 2003, HCA has requested a technical adjustment to its budget that would allow the project funds to be carried forward from the 01-03 Biennium to cover implementation date of October 2003.
- Impact on DOP's HR project: HCA and DOP have finalized the plan to decommission the PEBB system. Because the ISRP system will not be operational by June 30, 2003, HCA must continue to run the PEBB system at DOP. DOP support personnel may not be available to transition to the Civil Service Reform / Collective Bargaining (CSR/CB) project as soon as expected. The longer HCA continues to run the PEBB system at DOP, the more DOP will be negatively affected.
- Executive sponsorship: HCA assistant administrator, Pete Cutler, is serving as acting administrator. The previous administrator, Ida Zodrow, left in February to take a position with the state of California. In addition, the assistant administrator for PEBB and the assistant administrator for BH are relatively new in their positions, although not new to the agency.

Recommendation

ISB oversight staff recommends that as part of the reschedule process, HCA and Healthaxis identify and closely monitor all activities on the critical path and aggressively mitigate any deviation. If the new October 2003 date is not achievable, HCA must determine if it can reduce the scope of deliverables due by that date. If it is determined that the new date is not achievable, HCA should begin exploring all available remedies.